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Panel on Environmental Affairs

Special meeting on 21 January 2010

**Background brief on the Cleaner Production Partnership Programme
prepared by the Legislative Council Secretariat**

Purpose

This paper sets out the development of the Cleaner Production Partnership Programme (CPPP), and gives a brief account of the views and concerns expressed by the Panel on Environmental Affairs (the Panel).

Cleaner Production Partnership Programme

2. Cleaner production is an integrated approach which can be applied to the entire production cycle through adoption of suitable technologies and management practices to ensure more efficient use of energy and raw materials, and to reduce emissions and generation of waste at source. It can help factories to improve their environmental performance while at the same time increase their productivity and cut production costs.

3. To encourage and facilitate Hong Kong-owned factories in the Pearl River Delta (PRD) Region to adjust their strategy to embrace many new challenges, including Mainland's requirements on industrial upgrading and tightening of pollution control, the Government has launched a five-year CPPP in April 2008. With a funding of over \$93 million by the Government, the Hong Kong Productivity Council (HKPC) is responsible for implementing CPPP in collaboration with other environmental technology (ET) service providers. CPPP targets at eight industrial sectors, namely textiles, printing and publishing, metals and metal products, non-metallic mineral products, chemical products, food and beverage, paper and paper product manufacturing, and furniture making. The key initiatives of CPPP include –

- (a) ***awareness promotion*** – structured briefings, study missions, training seminars and workshops, conferences and exhibitions will also be organized from time to time under CPPP. Factories may join these activities to enhance their awareness and knowledge on cleaner production technologies and practices. Participation will normally be free of charge;

- (b) ***on-site improvement assessment projects*** – factories may apply funding support for hiring ET service providers to identify improvement potentials with proposals for practical solutions on energy efficiency, emission reduction and minimization of material consumption. The Government will sponsor 50% of the assessment costs, subject to a ceiling of \$15,000;
- (c) ***demonstration projects*** – factories may partner with ET service providers to conduct demonstration projects to demonstrate the effectiveness, actual costs and potential financial returns of cleaner production technologies or practices through installation of equipment and modification of production processes. Participating factories would need to share the findings and experience gained from the demonstration projects with other factories. The Government will sponsor 50% of the cost, subject to a ceiling of \$160,000 per project on average; and
- (d) ***verification of improvement projects*** – for those factories which have implemented improvement projects for reduction of air emission and improvement of energy efficiency, they may also apply for funding support for independent third-party services to verify the effectiveness of their improvement projects. The Government will fully fund the costs of the verification services, subject to a ceiling of \$15,000 per project.

4. To oversee the implementation of CPPP, a Project Management Committee (PMC) comprising representatives from major trade and industry associations, Environmental Protection Department, Trade and Industry Department, and an independent academia has been set up to steer the operation of CPPP and scrutinize funding applications.

Major concerns raised by the Panel

5. The proposal to launch CPPP was discussed at the Panel meeting on 17 December 2007.

6. While supporting the proposal, the Panel noted that CPPP would only provide on-site assessment services for 800 to 1 000 participating factories, sponsor some 90 demonstration projects, and provide verification services for 500 to 1 000 applications. Given that there were over 56 000 Hong Kong-owned factories in the PRD Region, some members expressed concern about the efficacy of CPPP with its limited scope and duration of five years. To ensure the success of CPPP, there should be experience sharing on the benefits associated with the adoption of cleaner production technologies and practices. However, experience sharing activities should be organized in a way that these would not be adversely affected the operations of participating factories. Consideration should also be given to adopting a more proactive approach to reach out to the smaller enterprises, which might not be able to afford the time to attend the promotion events organized by the Administration, and introduce them to cleaner production technologies and practices. Other members considered that CPPP was a step in the right direction in promoting cleaner production technologies and practices. Further assistance, possibly in the form of a matching grant, should be provided to assist industries to improve their environmental

performances. To facilitate monitoring, the Administration was requested to report the progress of implementation of CPPP to the Panel on an annual basis.

7. The relevant funding proposal was approved by the Finance Committee at its meeting on 11 January 2008.

Progress of implementation

8. According to the Administration, a total of 568 funding applications were received under CPPP as at 31 December 2009. Of these, 435 applications were approved while 91 were under processing. Details of the applications are as follows -

	Applications as at 31 December 2009			
	Approved	Rejected	Under Process	Total
On-site Assessments	264	0	28	292
Demonstration Projects	50	42 ¹	30	122
Verification Services	121	0	33	154

Over the same period, a total of 109 promotion activities, including seminars, workshops, briefings and factory visits, were organized with the participation of some 7 910 factory owners and personnel. In addition to taking part in six trade exhibitions on the environmental technology sector to introduce CPPP to some 6 800 visitors, the Administration has also published CPPP through various channels, including interviews and reports by the press media, posting event notices and promotional advertisements on newspapers and in railways. A dedicated website and an enquiry hotline had been set up to enhance information dissemination on CPPP activities and sharing of related experience.

Latest development

9. To complement Guangdong's policy on the development of industrial parks, and to provide technical support for Hong Kong manufacturers relocating to the parks, the Chief Executive announced in the 2009-2010 Policy Address that the scope of CPPP would be extended to assist Hong Kong enterprises in treating and reducing effluent discharge. The Administration will brief members on the proposal to revise the coverage of CPPP at the special Panel meeting on 21 January 2010.

¹ PMC rejected applications where the technologies involved were either commonly adopted by industry or already adopted by other approved demonstration projects.

Relevant papers

Information paper provided by the Administration for the Panel on Environmental Affairs meeting on 17 December 2007

<http://www.legco.gov.hk/yr07-08/english/panels/ea/papers/ea1217cb1-418-6-e.pdf>

Minutes of the Panel on Environmental Affairs meeting on 17 December 2007

<http://www.legco.gov.hk/yr07-08/english/panels/ea/minutes/ea071217.pdf>

Progress report provided by the Administration for the Panel on Environmental Affairs

<http://www.legco.gov.hk/yr08-09/english/panels/ea/papers/eacb1-2424-1-e.pdf>

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